



[4830-01]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning Arbitrage Restrictions on Tax-Exempt Bonds. DATES: Written comments should be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER] to be assured of consideration.

ADDRESSES: Direct all written comments to Michael Joplin, Internal Revenue Service, room 6129, 1111 Constitution Avenue, NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of regulations should be directed to Kerry Dennis at Internal Revenue Service, room 6129, 1111

Constitution Avenue, NW., Washington, DC 20224, or through the internet, at Kerry.Dennis@irs.gov .

**SUPPLEMENTARY INFORMATION:**

Title: Arbitrage Restrictions on Tax-Exempt Bonds.

OMB Number: 1545-1347.

Regulation: TD 8718 and REG-138526-14 (NPRM) .

Abstract: Section 148 of the Internal Revenue Code requires issuers of tax-exempt bonds to rebate certain arbitrage profits earned on nonpurpose investments acquired with the bond proceeds.

Under section 148(f), interest on a state or local bond is not tax exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. Form 8038-T is used to pay the arbitrage rebate to the United States and to pay penalty in lieu of rebates. Burden for the form is being reported under 1545-1219.

Issuers are also required to keep records of certain interest rate hedges so that the hedges are taken into account in determining arbitrage profits. Under TD 8718, the scope of interest rate hedging transactions covered by the arbitrage regulations was broadened by requiring that hedges entered into prior to the sale date of the bonds are covered as well.

The collection of information in the proposed regulation (REG-138526-14) is in § 1.148-1(f)(2)(ii) which contains a requirement that the issuer obtain certifications and supporting documentation regarding the underwriter's sales of the issuer's bonds.

Current Actions: There is no change to the final regulations (TD 8718), however the agency is adding the proposed Regulation 138526-14 to the information collection request.

Type of Review: Revision of a currently approved collection.

Affected Public: State, local or tribal governments.

Estimated Number of Respondents: 15,646

Estimated Number of Responses: 24,010.

Estimated Time Per Respondent: 4 hours.

Estimated Total Annual Burden Hours: 96,040.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax

returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: November 20, 2015

Michael Joplin  
IRS Tax Analyst.

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